

Comments to the California Climate Action Team
Re: Table 3 Implementation Options
Submitted by The Pacific Forest Trust
October 31, 2005

The Pacific Forest Trust (PFT) appreciates the opportunity to submit comments to the California Climate Action Team regarding its proposed Table 3 Implementation Options to meet Governor Schwarzenegger's statewide climate change emission reduction targets. California has consistently been a national leader in environmental protection policy, and PFT strongly supports California's current effort to mitigate climate change by reducing greenhouse gas emissions in the State. While a climate mitigation policy would help protect the environment, it would also protect economies that depend on our natural resources. As California is the tenth largest emitter of greenhouse gases in the world, efforts by California to reduce greenhouse gas emissions would have a significant effect on climate change and set a precedent for national, if not global, climate change policy.

The Pacific Forest Trust is a California-based non-profit organization that is dedicated to sustaining America's private forests for their public benefits. PFT has conserved over 40,000 acres of private forestland and owns or manages roughly 13,000 acres of forestland in California and Oregon. For the past ten years, PFT has actively participated in the development of forest projects and policy to achieve climate benefits. We have been active members of the World Resources Institute and World Business Council for Sustainable Development effort to develop generic and sector specific guidance for greenhouse gas emission reduction projects, and the forest sector in particular. PFT, under the leadership of California Senator Sher, sponsored Senate Bill 812, which amended the California Climate Action Registry Protocols to include a framework for the forest sector and forest-based greenhouse gas (GHG) emission reduction projects, and led the subsequent multi-stakeholder process to develop the Registry's corresponding forest protocols.

Based on our expertise in forest management, conservation and climate policy, PFT submits the following comments on the Table 3 Implementation Options, as they relate to the forest sector:

Inclusion of the forest sector in California Climate change mitigation policies can help the state meet its GHG emission reduction targets

The Forest Sector can play a significant, positive role in California's climate change mitigation strategies. Through forest conservation, reforestation and changes in forest management practices, CO₂ emitted from our forests can be reduced, existing forest carbon stocks can be maintained, and additional CO₂ emissions can be absorbed from the

atmosphere and stored in our forests. In California, these activities could create substantial climate benefits, with the potential to achieve over 740 million tons of CO₂ emission reductions over the next twenty years,¹ which is equivalent to reducing the annual emissions of over 125 million cars.² These activities could also achieve much-needed local environmental benefits, including the enhancement and protection of water supply and quality, biodiversity, and species habitat – public assets that the state will seek to protect from any negative effects of climate change.

In recognition of the positive role that the forest sector can play in climate change mitigation, California has developed an infrastructure to account for the climate benefits and greenhouse gas emissions from the forest sector. In 2002, the State legislature adopted a law (Senate Bill 812) that amended the existing California Climate Action Registry (the Registry) to develop a greenhouse gas accounting system for the forest sector, including a methodology to achieve emission reductions through forest conservation, reforestation and changes in forest management. These forest protocols were developed through a multi-stakeholder, public process and were adopted by the Registry in June 2005. They provide a critical accounting infrastructure for *any* future climate policy that includes the forest sector.

Given the multiple public benefits that can be achieved with the inclusion of the forest sector in climate policy and the existing institutional infrastructure that has been developed for this purpose, PFT strongly supports the inclusion of the forest sector in California climate mitigation policy as part of a broad portfolio of approaches to mitigate climate change.

PFT supports a broad-based multi-sector cap and trade program, with a limited amount of offsets to achieve the Governor's Climate Change Emission Reduction Targets

A broad-based multi-sector cap and trade program in California would provide California with the opportunity to achieve the maximum amount of ghg emission reductions at the least cost. PFT also supports the inclusion of a limited amount of forest-based offsets (e.g., 20 – 25%) in a multi-sector cap and trade, which would provide additional flexibility for capped entities to achieve emission reductions while also ensuring that capped entities achieve emission reductions on-site. The Registry Forest Protocols provide specific guidance, including standardized methodologies for developing and addressing project baselines, additionality, permanence, leakage and third-party verification, to achieve forest-based ghg emission reductions. These Protocols should be used as the basis for any forest-based emission reduction offsets that are included in a cap and trade system. In the near-term, PFT recommends forest-based offsets to be

¹ California Energy Commission Public Interest Research Program, Winrock terrestrial carbon supply curves, 2004.

² Equivalence is based on U.S. EPA estimates of annual CO₂ emissions from the average passenger car

limited to California with a view toward expanding the geographic scope of offsets as an overall cap and trade program expands to other regions.

The Registry Protocols impose a sliding scale discount on forest-based emission reductions that is commensurate with the level of statistical confidence in the estimates. If comparable emissions data quality is a concern in trading across sectors, such a sliding scale discount may be appropriate for other sectors. Other ways to address comparability of data quality may be a requirement of minimum data quality for particular sectors in order to be eligible to trade and/or require, as a condition of trading, that offsets or allowances that are traded have the same data quality (or statistical confidence level).

PFT supports an auction system for the allocation of emissions allowances. Such an approach avoids windfall profits to certain ghg emitters. Furthermore, revenues generated through the auction can be invested in the research and development of new technologies to reduce greenhouse gases and greenhouse gas emission reduction projects.

Once again, we commend the State for its leadership in addressing climate change issues. Thank you for the opportunity to comment on ghg reduction implementation options, and we look forward to working with you further on these issues, particularly as they relate to the forest sector.